



GULCH MINES LIMITED

Fifteenth Annual Report

For the Year Ended December 31, 1968



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GULCH MINES LIMITED

OFFICERS	J. A. GRANT - - - - - - - - - President FOSTER W. HEWITT - - - - - - - - Vice-President H. L. GOOD - - - - - - - - Secretary-Treasurer
DIRECTORS	H. L. GOOD - - - - - - - - Toronto, Ontario J. A. GRANT - - - - - - - - Toronto, Ontario GEORGE F. HAYHURST - - - - - - - Sarasota, Florida FOSTER W. HEWITT - - - - - - - - Toronto, Ontario S. H. ROBINSON - - - - - - - - Toronto, Ontario
HEAD OFFICE	Suite 710 — 60 Yonge Street, Toronto, Ontario
MINE PROPERTIES	Black Bay, Lake Athabasca, Saskatchewan Geraldton, Ontario
REGISTRAR AND TRANSFER AGENT	Sterling Trusts Corporation 372 Bay Street, Toronto 1, Ontario
AUDITORS	GRIER, DYER & Co., Toronto, Ontario
COUNSEL	HOLDEN, MURDOCH, WALTON, FINLAY, ROBINSON, PEPALL & HARVEY, Toronto, Ontario
ANNUAL MEETING	The Annual Meeting of the Company will be held in The Newfoundland Room, Royal York Hotel, 100 Front Street West, Toronto 1, Ontario, Wednesday, May 7th, 1969, at 11:00 o'clock in the forenoon, Toronto time.

GULCH MINES LIMITED

Directors' Report

To THE SHAREHOLDERS:

The Directors submit herewith the Fifteenth Annual Report of your Company including Financial Statements, Auditors' Report for 1968 and the Consulting Geologist's Report.

An underwriting and option agreement between Gulch Mines Limited and Draper Dobie & Co. Limited was entered into on June 27, 1968. The financing netted Gulch \$49,999.55 for 169,490 shares at 29½¢ per share. The option on a further 84,745 shares at 29½¢ was not exercised.

The joint programme of work carried out by Gulch-Gunnex Limited on the Gulch uranium property, Lake Athabaska, was completed in February, 1968, except a small amount of detailed mapping which was completed in the summer of 1968. The Gunnex Limited - Gulch Mines Limited 1967 joint agreement on the Gulch property has been extended to February 15, 1970.

A joint programme of work was carried out by Gulch-Gunnex on optioned Claim Block 360, which adjoins the Gulch property to the west. Details are given in Mr. H. S. Wilson's report.

The Minister of Mineral Resources, Saskatchewan, notified the Company by letter dated January 2, 1969, that the Precambrian Mineral Exploration Incentive Programme had been discontinued.

The patented gold claims at Geraldton, Ontario, have been kept in good standing.

Your Directors express their appreciation to Gunnex Limited for their excellent management of the uranium project and to Mr. H. S. Wilson for the work performed by him as Consulting Geologist during the past year.

On behalf of the Board,

JAMES A. GRANT
President.

Toronto, Ontario
March 27th, 1969.

GULCH MINES LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET AS AT MARCH 31, 1968

(1967 figures shown for comparison)

ASSETS	<u>1968</u>	<u>1967</u>
CURRENT:		
Cash	\$ 2,072	14,573
Short term notes and accrued interest	36,184	10,000
Marketable securities — at book value (quoted market value 1968 — \$2,000; 1967 — \$1,500)	2,500	5,008
Receivable under the Saskatchewan Government assistance programme (note 1)	11,680	19,773
	<u>52,436</u>	<u>49,354</u>
MINING CLAIMS — at cost:		
Saskatchewan — Beaverlodge area	104,500	104,500
Ontario — Geraldton area	16,074	16,074
	<u>120,574</u>	<u>120,574</u>
MINE PLANT AND EQUIPMENT — at nominal value	1	1
ORGANIZATION EXPENSE	5,022	5,022
DEFERRED EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES (net) — Exhibit B	1,742,696	1,707,037
Approved on behalf of the Board:		
J. A. GRANT, Director.		
H. L. GOOD, Director.		
	<u>\$1,920,729</u>	<u>1,881,988</u>

AUDITOR'S REPORT

The Shareholders,
Gulch Mines Limited:

We have examined the balance sheet of Gulch Mines Limited as at 31st December 1968 and the statements of deferred exploration, development and other expenditures and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, Ontario
5th March 1969

S LIMITED

EXHIBIT A

(of the Province of Ontario)

31st DECEMBER 1968

(for comparison)

LIABILITIES

CURRENT:

	<u>1968</u>	<u>1967</u>
Accounts payable and accrued	\$ 650	11,909

CAPITAL:

Authorized —

5,000,000 shares of \$1 par value each	<u>\$5,000,000</u>
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Issued —

4,319,865 shares, 169,490 issued for \$50,000 cash in the year 1968	4,319,865	4,150,375
Less: discount	2,399,786	2,280,296
	<u>1,920,079</u>	<u>1,870,079</u>

NOTES:

- Under an agreement dated 3rd April 1968, the company and Gunnex Limited jointly undertook to carry on mining work on claim block CBS 360, Athabasca Lake area, Saskatchewan, with an option to assume rights and title from Paris Investments Ltd. Operations on this project have been suspended. A claim for \$11,680, being the company's share recoverable from the Saskatchewan Government under an assistance programme, has been submitted covering work performed during the year.
- Remuneration of directors and executive officers of the company totalled \$5,190 for the year 1968 and \$5,300 for the year 1967.

<u>\$1,920,729</u>	<u>1,881,988</u>
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REPORT

In our opinion these financial statements, when read in conjunction with the notes thereto, present fairly the financial position of the company as at 31st December 1968 and the results of its operations and the source and use of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GRIER, DYER & CO.,
Chartered Accountants

GULCH MINES LIMITED

EXHIBIT B

**DEFERRED EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES
FOR THE YEAR ENDED 31st DECEMBER 1968**
(1967 figures shown for comparison)

	<u>1968</u>	<u>1967</u>
EXPLORATION AND DEVELOPMENT:		
Property at Black Bay, Lake Athabaska, Saskatchewan, joint venture with Gunnex Limited, company's share of expenses (net)	\$ 4,756	25,230
Other expenses	44	2,438
Maylac property — taxes	82	82
Travelling		283
Claim block CBS 360, adjoining the Black Bay property — joint venture with Gunnex Limited, company's share of expenses (net)	14,493	
Engineering, geological and technical services	3,047	
	<u>22,422</u>	<u>28,033</u>
ADMISTRATIVE AND GENERAL:		
Canada Pension Plan	76	76
Expenses of report and annual meeting	1,660	1,397
Executive salary	4,800	4,800
Filing fees and taxes	331	45
Interest and exchange	5	1,052
Legal, audit and accounting fees	3,080	1,750
Listing fees	300	100
Office space and facilities	750	600
Office supplies and expenses	498	440
Transfer agent and registrar	999	1,005
	<u>12,499</u>	<u>11,265</u>
Total Expenditures for the year	34,921	39,298
Balance forward from previous year	1,707,037	1,712,742
	<u>1,741,958</u>	<u>1,752,040</u>
DEDUCT —		
Interest and sundry income	1,770	
Net amounts realized on sale of securities		45,003
ADD — Write down of value of securities	(2,508)	
Total Net Expenditures to the end of the year	<u>\$1,742,696</u>	<u>1,707,037</u>

GULCH MINES LIMITED

EXHIBIT C

STATEMENT OF SOURCE AND USE OF FUNDS FOR THE YEAR ENDED 31st DECEMBER 1968 (1967 figures shown for comparison)

SOURCE OF FUNDS:	1968	1967
Proceeds of underwriting	\$ 50,000	
Interest and sundry income	1,770	
Net amount realized on sale of securities		45,003
	<u>51,770</u>	<u>45,003</u>
USE OF FUNDS:		
Total expenditures for the year — Exhibit B	34,921	39,298
Write down of value of securities	2,508	
	<u>37,429</u>	<u>39,298</u>
WORKING CAPITAL:		
Increase during the year	14,341	5,705
Balance at the beginning of the year	37,445	31,740
Balance at the end of the year	<u>\$ 51,786</u>	<u>37,445</u>

GULCH MINES LIMITED

Consulting Geologist's Report

The President and Directors,
Gulch Mines Limited,
Suite 710 — 60 Yonge Street,
Toronto 1, Ontario.

Gentlemen:

The following is a review of exploration activities carried out by your Company during the year ended December 31, 1968.

On your Black Bay uranium property the programme of exploration which was started in April 1967 was completed by deepening one hole and by drilling one additional hole (both amounting to 911 feet in length), making a total of twenty holes and 9478 feet of drilling in all. As noted in last year's report, this programme of exploration yielded, on the whole, negative results, although some encouraging assays were obtained in one hole located about 500 feet northeast of the underground workings.

Early in the year an option was taken by Gulch Mines Limited jointly with Gunnex Limited, a wholly-owned subsidiary of Gunnar Mines Limited, on an adjoining large claim block (No. 360) comprising some 8080 acres, on which is located a number of radioactive occurrences — the most interesting of which was considered to have been inadequately tested by previous owners of the ground. This showing lies only a few hundred feet from your property and the structure in which it is contained passes on to your property on strike to the southwest.

During the summer extensive work was done on that part of the property containing the above-mentioned showing. This consisted of cleaning out and sampling of old trenches, geological and geophysical surveys, followed by 4549 feet of diamond drilling in 18 holes which tested the southwestern part of the favourable structure at intervals over a strike length of about 4000 feet. This work yielded discouraging results and operations were suspended in October. The northeastern part of the favourable structure (about 3500 feet in length) has already been tested in part by drilling by previous owners of the ground, with comparable results.

A number of the other radioactive occurrences located on the property were examined in the field, and a more detailed study is presently being carried out of available information regarding other occurrences in a further effort to evaluate their possibilities.

Respectfully submitted,

H. S. WILSON, P.Eng.

Oakville, Ontario,
March 7th, 1969.

GULCH MINES LIMITED

60 Yonge Street
Toronto, Ontario

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Fourteenth Annual Meeting of the Shareholders of GULCH MINES LIMITED will be held in the Newfoundland Room, Royal York Hotel, 100 Front Street West, Toronto 1, Ontario, on Wednesday the 29th day of May, 1968, at the hour of 11:00 o'clock in the forenoon (Toronto time) for the following purposes:

1. To consider and if deemed advisable, confirm Special Resolution #2 passed by the Directors on the 18th day of April, 1968, which provides that the number of Directors shall be decreased from seven to five and that a quorum of the Board shall be three directors.
2. To receive the reports of the Directors, Auditors' Report and Financial Statements for the year ending the 31st day of December, 1967, copies of which are enclosed herewith.
3. To elect Directors for the ensuing year.
4. To appoint Auditors for the ensuing year.
5. To consider and deal with such other business as may properly be brought before the meeting.

If you are unable to be present in person you are entitled to be represented at the meeting by proxy. Please sign, date and return the enclosed proxy to the Secretary, at Suite 710, 60 Yonge Street, Toronto 1, Ontario.

DATED at Toronto, this 29th day of April, 1968.

By Order of the Board,

H. L. GOOD,
Secretary-Treasurer.

GULCH MINES LIMITED

INFORMATION CIRCULAR

This Information Circular accompanies Notice of the Annual Meeting of the Shareholders of the Company to be held on Wednesday the 29th day of May, 1968, at 11:00 o'clock in the forenoon (Toronto time) and is furnished in connection with the solicitation of proxies by the management for use at said meeting, and at any adjournment or adjournments thereof.

The cost of such solicitation will be borne by the Company.

VOTING OF PROXIES

The shares represented by the form of proxy enclosed herewith will be voted and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy the shares shall be voted in accordance with the specification so made. With respect to matters as to which a choice is not so specified it is intended to vote the shares represented by the form of proxy in favour of each such matter. The form of proxy also confers discretionary authority with respect to amendments or variations to matters identified in the notice of meeting and other matters which may properly come before the meeting.

A shareholder giving a proxy in the form enclosed has the power to revoke it at any time before it is exercised.

A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON TO REPRESENT HIM AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE FORM OF PROXY. TO EXERCISE THIS RIGHT THE SHAREHOLDER MAY INSERT THE NAME OF THE DESIRED PERSON IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKE OUT THE OTHER NAMES OR MAY SUBMIT ANOTHER FORM OF PROXY.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company's capital consists of 5,000,000 common shares with par value of \$1.00 each of which 4,150,375 shares are outstanding each of which entitles the shareholder to one vote.

The Company understands that Tombill Mines Limited owns 500,000 shares being approximately 12% of the shares outstanding.

DECREASE IN THE NUMBER OF DIRECTORS

The Directors on April 18th, 1968 passed a Special Resolution #2 decreasing the number of directors from seven to five. This Special Resolution will be submitted to the shareholders for confirmation at the Annual Meeting. The Corporations Act (Ontario) provides for confirmation of Special Resolutions by at least two-thirds of the votes cast at a meeting of shareholders.

ELECTION OF DIRECTORS

The management of the Company proposes to nominate for election as Directors at the Annual Meeting of Shareholders to be held on May 29th, 1968, the persons listed below to serve until the next Annual Meeting of the Company or until their successors are elected or appointed, unless any such person is not available to act as a director, in which event a substitute may be nominated by the management of the Company:

Name	Other positions and offices held with the Company	Principal occupation or employment at the present time and during the past five years	Period served as Director	Number of shares of the Company beneficially owned directly or indirectly
James A. Grant	President	President, Gulch Mines Limited. Partner in Playfair & Co. Limited until Aug. 1966	14 years	101,000
Foster W. Hewitt	Vice-President	President, Foster Hewitt Broadcasting Limited (CKFH)	14 years	125,000
Harvey L. Good	Secretary-Treasurer	Chartered Accountant — Asst. Director, Hospital Budgets Divn., Ontario Hospital Services Commission	10 years	1,000
Sidney H. Robinson		Partner in Holden, Murdoch, Walton, Finlay, Robinson, Pepall & Harvey	10 years	7,001
George F. Hayhurst		Chairman of Board of F. H. Hayhurst Co. Ltd. — previous 5 years. Retired Dec. 31/65	3 years	4,000

NOTE: The numbers of shares shown above are as reported by the respective nominees.

Forms of proxy given pursuant to this solicitation of the management of the Company will be voted for the election of the foregoing if available as directors.

REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid or payable by the Company to the directors and senior officers of the Company during the last completed year was \$4,800.00.

APPOINTMENT OF AUDITORS

It is proposed that Grier, Dyer & Co., Chartered Accountants, the Company's auditors, be re-appointed. Grier, Dyer & Co., have been auditors of the Company since 1957. Forms of proxy given pursuant to this solicitation by the management of the Company will be voted for their re-appointment at a remuneration to be fixed by the board of directors.

GENERAL

The management of the Company knows of no matters to come before the said Meeting other than the matters referred to in the Notice of the said Meeting. However, if any other matters which are not now known to the management of the Company should properly come before the said Meeting, forms of proxy given pursuant to this solicitation by the management of the Company will be voted on such matters in accordance with the best judgement of the persons voting the proxy.

DATED as of April 29th, 1968.

